

Are You Getting the Best Long Distance Deal?

Reaching out to someone with a long-distance telephone call is getting cheaper, but only if you make an effort to take advantage of lower rates.

In recent months, long-distance rates have dropped, particularly for business customers and for in-state calls. But these rates are only available to those who ask for them.

In the old days of only one long-distance provider when rates changed, everyone got the new rate. Not so with competition where hundreds of long-distance providers compete on a daily basis for your telephone dollars. While toll rates have gone down dramatically, reductions are usually targeted to new customers. Usually the only way a company's existing customers can acquire the savings is to tell the company to switch them to the new rate or plan.

This is a good time to shop around. Recent changes in how local toll calls are dialed have increased competition and driven down in-state toll rates. Local toll calls, which have traditionally been handled by U S West, can now be carried by any willing long-distance carrier without dialing extra digits. You can choose to stay with U S West for your local toll calls or have those calls automatically routed to another carrier. Local toll calls are calls made within a region. Washington has three major regions: Eastern Washington, Western Washington and Southwest Washington.

How can you make sure you're getting the deal that's best for you? Turn to pages 4 and 5 for some simple tips on choosing your telephone provider.

Showalter Named UTC Chairwoman

Marilyn Showalter has been appointed UTC Chair by Governor Gary Locke. She replaces Anne Levinson, who resigned in February to accept an appointment to the Seattle Municipal Court.

Showalter is a graduate of Harvard Law School and most recently served as Locke's policy advisor for energy and telecommunications issues. Her previous experience includes stints as a prosecuting attorney, counsel to Governor John Spellman, law professor, legislative staff counsel, and chief clerk of the Washington State House of Representatives.

In appointing Showalter, Governor Locke said, "Marilyn has been a key adviser on energy and telecommunications issues, as well as government and legislative relations at all levels. I look forward to her leadership in maintaining the balance between consumer protection and industry competition."

According to Showalter, "Both consumers and companies face challenging times, as the telecommunications and energy industries become more competitive. The role of the UTC is to protect consumers in a way that is fair to the companies, and to play a constructive role in the transformation of these industries."

**By Chairwoman
Marilyn Showalter**

The UTC library contains a publication called the "Balancing Act." It describes the role of public utility commissions in regulating telecommunications, electric, and other utilities. While it was written a number of years ago, the title remains apt. As market structures change and technology evolves, the complexity of the interests that must be balanced increases and the task of striking the right balance becomes more difficult.



A case in point is balancing universal service with increasing competition. For over 60 years universal telephone service has been state and federal policy. Simply put, the notion of universal service is that reliable telephone service should be widely available and affordable throughout the state. In a monopoly system this goal was relatively easy to achieve. For example, rates could be "averaged" across a company's high-cost (e.g. rural) and low-cost (e.g. urban) areas. Customers in low cost areas would pay slightly higher rates, while those in the high cost areas would pay rates well below the actual cost of service.

Over the past 20 years competition has also emerged as a policy goal, as we seek to capture

Consumer Policies Under Review

The UTC is focusing on consumer rights as it conducts a comprehensive review of utility policies this year. The review will look into new ways to protect customers of regulated electric, natural gas, and telecommunications companies.

By separating customer issues such as the handling of billing disputes, deposit guidelines and privacy protection from the more technical aspects of utility regulation, the UTC hopes to make the review process more accessible and interesting to consumers.

The policy review is the result of a timely mix of two trends. First the UTC in 1998 declared its mission to be protecting "consumers by ensuring that utility and transportation services are fairly priced, available, reliable and safe." This stronger emphasis on consumer protection coincides with changing market conditions for utility services that are giving consumers more choices in services and providers.

The UTC wants to ensure that market forces result in improved service and greater choice rather than more marketing scams and customer confusion. As more companies enter the utility business and customers are offered more choices, the policies designed under a monopoly era will need to be updated. For example, customers making choices will need full, clear and comparable disclosure of the price, terms and conditions of different offerings.

UTC staff are currently reviewing all of the agency's consumer policies that apply to the provision of natural gas, electricity, and telecommunications. Later activities include outreach to consumer organizations, utility service providers and the public. The goal is to develop a set of consumer principles that are widely shared and understood. In turn, these principles will guide the revision of existing and the development of new utility consumer policies.

Draft principles will be available for public review by summer. If you would like to get more specific progress reports on this process mailed to you, please call 1-800-562-6150 and ask to be put on the mailing list for Docket No. A 990209.

Continued on page 7

CONSUMER NEWS IN BRIEF

Net Metering Approved

The Commission has approved tariff revisions for Avista Corporation (formerly Washington Water Power), Puget Sound Energy, and Pacific Power & Light Company which will make net-metering for certain renewable energy systems. With net metering, a customer who generates excess power can sell some of it back to the utility by having their meter “run backwards.” The customer is charged by the utility for net consumption (total power used less that which is sold back). The net metering program implements state legislation designed to make renewable energy more competitive. There are restrictions, so call your local utility to see if you qualify. Commission staff contact:

Slamming Rules Under Review

The Federal Communications Commission (FCC) has adopted new rules designed to prevent “slamming.” Slamming is the practice of changing a customer's telephone carrier without permission. The new federal rules are closer to existing UTC rules which offer greater customer protection. Commission staff will be working to make sure the rules are clear and consistent. UTC consumer staff is also working with local telephone companies to reduce “cramming” which is the practice of putting unauthorized charges on a customer's telephone bill. Commission staff contact: Vicki Elliott 360-664-1100. E-mail: veliott@wutc.wa.gov.

Number Portability Fee

Seattle and Spokane customers should be seeing a new fee on their local phone bills starting this spring and summer. The fee pays for network upgrades that allow customers to switch local telephone companies without switching their phone numbers. Because the fee is related directly to the cost of providing number portability, the amount of the fee varies between companies (U S West is expected to charge 53 cents per line). Companies can only apply the charge in areas where number portability capability is available. Seattle and Spokane are the first communities to have this service. The fee cannot be applied for more than five years.

Want up to the minute information? Check our online newsdesk at www.wutc.wa.gov for more information on breaking issues, plus links to important documents, publications, and contacts.

Survey Results Spur Changes

Washington consumers are generally happy with their regulated utility service, but there are areas where improvements can be made. Those findings were part of the UTC's recent customer survey, encompassing both utility customers and providers.

Overall, customers rated their services at 4.2 (on a 5 point scale). This compares favorably with results from other surveys around the country. There was some variation among the different regulated industries. The UTC was rated at a 3.8 by the regulated industry, again with some variation among different UTC functions.

The company that conducted the study tried to identify areas where changes might make the most difference. For example, complaining customers who feel they were treated well – even if they didn't get the result they want – were more likely to be happy with their service. This suggests that an increased emphasis on good customer treatment is important. For the UTC, improving the speed of our response and making our rules and procedures more clear are important factors.

The Commission will use the survey data to develop projects to improve service quality. A followup survey is planned in about a year to measure results.

The Executive Summary of the customer survey has been posted to the Commission's web site at www.wutc.wa.gov. Full copies of the survey are available upon request. Call Betty Young at 360-664-1202 or e-mail info@wutc.wa.gov.

Six Steps to Lower Long Distance Bills

1. Start with your phone bill

Review your phone bills for the past three months. Look at how much you spend on long-distance calls, the rate you paid, the time and day you made the most calls, the frequency and duration of your calls and whether your calls are made within the state or to out-of-state numbers. By understanding your long-distance calling tendencies, you will be able to narrow your search to calling plans that more accurately meet your needs. For instance, if you rarely make long-distance calls during the weekend, you can ignore plans that offer weekend discounts in exchange for a monthly fee.

2. Contact your existing provider

When you have an idea of what you want, ask your existing long-distance provider for its best deal. If you do nothing else but this, you will likely save money. Telephone companies routinely roll out new calling plans to compete for new customers. As an existing customer, if you don't ask for a better plan, you probably won't get it. You can find your toll company's toll-free phone number on your bill.

3. Shop around

There are hundreds of long-distance companies, and most of them offer a variety of plans. Ask friends and colleagues who they use; check out the ads in the paper and on television; or search the Internet (many long-distance companies have websites). When comparing plans, be sure to consider both in-state and out-of-state long-distance rates. They can vary.

4. Review the details before committing

Once you find a plan you like, read the fine print. Do you know all of the company's monthly charges, including FCC-related fees? Will the company cover the cost of switching your telephone service? If not, do you know how much it will cost? Are there other conditions that make the offer less attractive to you? Pay close attention to asterisks and disclaimers.

5. Make the choice

Contact the long-distance company of your choice. State whether you want the company for your local toll, for long-distance toll, or for all toll calls. The long-distance company will arrange with your local telephone company to ensure that your toll calls are automatically routed to its long-distance network.

6. Verify your savings

Take a look at your phone bill after a month or two with your new provider. Are you saving the money you expected or getting better service? Even if you are, don't rest on your laurels. Review your bill periodically and remember to contact your provider when you think they may have a new and better plan for you.

As an existing customer, if you don't ask for a better plan, you probably won't get it.

Big Savings!

LONG DISTANCE: WHO DOES WHAT?

Long-distance calls are distinguished from local calls by the charge you must pay for the call. Local calls are included in your monthly local service charge. Long-distance calls cost you extra and can be provided by a company other than your local telephone company. But there are different kinds of long-distance calls and understanding the differences can help when you shop for a new long-distance provider. Here's a primer.

Interstate calls are calls made to a different state. The rates for these calls are the ones that are most likely advertised by the carrier. In-state calls are calls made to another location within the state. These rates can be different from the advertised interstate rates. In the past, in-state calls used to be considerably more expensive. Not anymore. Many carriers offer rates for in-state calls that are at least as good as interstate rates. But you have to check.

There is another distinction which can affect how you choose a long-distance provider. The federal Telecommunications Act prohibits U S West from carrying long-distance calls outside of a given market area until conditions for local telephone competition exist in that area. Because of this restriction, you have to make two choices when selecting long-distance providers.

In Washington, there are two complete market areas and two partial areas that extend into other states. One area includes all of Western Washington except for areas south of Chehalis and South Bend. Another area includes all of Eastern Washington except for the Pullman area and some communities in the northeast corner of the state. Calls that start and finish within one of these areas are called local toll calls.

When selecting a long-distance provider, you can choose one company for your local toll calls and another for the long-distance calls that cross market areas. You can choose the same company for both, but until the market restriction is removed from US West, customers who select U S West for local toll calls will have to select another provider for long-distance calls that go beyond the LATA market area. Since both selected providers will carry in-state calls, be sure to verify the in-state rate before signing up with a company.



Want More Info?

Request our fact sheet on choosing your long-distance telephone company. Call 1-800-562-6150 and choose the publications option from the menu. Or you can e-mail us at info@wutc.wa.gov. Our fact sheets are also available online at www.wutc.wa.gov.

FREQUENTLY ASKED QUESTIONS



Each year the Commission receives thousands of inquiries from the public about their utility and transportation services. In this feature, our consumer affairs staff will provide answers to some of the most common questions. Do you have a question you'd like to see us answer in this column? Send your suggestions to News and Views, WUTC, PO Box 47250, Olympia, WA 98504 or e-mail them to newsletter@wutc.wa.gov.

Q. I see a number of small taxes on my phone bill such as WTAP. What are these taxes for?

A. A number of social and public safety programs such as the Washington Telephone Assistance Program, Telecommunications Relay Services, and Emergency 911 services are supported through telephone excise taxes. All of these programs have been authorized by the state legislature.

Washington Telephone Assistance Program (WTAP). WTAP serves low-income customers to ensure that households throughout the state have affordable telephone service. Under this program, eligible customers are charged reduced rates for basic telephone service.

The WTAP program is administered by the Department of Social & Health Services (DSHS). For more information, contact the business office of your local telephone company.

Telecommunications Relay Services (TRS). This tax supports the Telecommunications Devices for the Deaf program. The program provides special "translation" services that allow hearing-impaired individuals to use the

telephone. The level of the excise tax applied is based on budget information provided by the Office of Deaf and Hard of Hearing Services within the state Department of Social and Health Services (DSHS). This amount is reviewed and approved by the Office of Financial Management (OFM).

Enhanced 911 (E-911). Every local telephone company must be able to identify the location of each phone, so that the appropriate information is transmitted to emergency service providers.

E-911 taxes are assessed on a per-line basis. County and state E-911 taxes are cumulative, which means a customer pays both taxes.

Q. What is the federal "subscriber line charge" listed on my telephone bill?

A. The federal subscriber line charge (also known as an "access charge" has existed for a number of years. Local telephone companies collect the charge to cover part of their costs for operating and maintaining the local telephone network.

Neither the FCC nor any other government agency receives the subscriber line. In short, the charge is the part of your local phone bill regulated by the FCC.

The FCC has a consumer brochure on the interstate access charge system which provides detailed information about the subscriber line charge and another access charge called the Presubscribed Interexchange Carrier Charge. Contact the FCC at 1-888-225-5322 to request this brochure.

Q. There are other taxes and assessments on my bill. What are they?

A. Telephone companies also collect and remit federal, state, county, and municipal utility excise taxes. The rate of the tax is determined by each government entity. Each of these taxes should be separately identified on your telephone bill.

Q. The city tax rate on my bill appears higher than the rate approved by the city government. In fact, it appears that the utility is asking me to pay a tax on a tax. Why is that?

A. A considerable number of cities and towns in Washington impose business and occupation tax on utilities doing business within their jurisdiction. These taxes are generally based on a percentage of the company's revenues generated by their business within the particular city or town.

Utilities "pass through" the effect of this tax to their customers. The "effect of the city tax" is not legally viewed as a tax on a tax because the city is not taxing the individual customer but rather it is taxing the company (business and occupation tax).

The amount shown on the bill as "Effect of City Tax" is not a tax on the customer at all, but a tax on the company. The "Effect of City Tax" item shows customers how the tax on the company has affected the cost of their service.

Thanks to Suzanne Stillwell for writing this issues FAQ. Have a topic you'd like to see us tackle? E-mail us at newsletter@wutc.wa.gov or send your suggestions to News&Views, WUTC, P.O. Box 47250, Olympia, WA 98504.

First Y2K Report Available

The UTC issued an order last May, 1998 requiring all regulated investor-owned utilities (electric, gas, telecommunications) to provide quarterly progress reports on Year 2000 (Y2K) compliance efforts. The UTC is encouraging companies to take the steps necessary to ensure services will not be interrupted by Y2K problems. The report is separated into three sections: energy (electric and gas), long distance telecommunications and local telecommunications. The progress to date is reported by an inventory, an assessment of risk, and steps taken to test and fix problems. The utility companies are all progressing in a manner similar to their counterparts throughout the nation. The next issue of News and Views will carry a full report on Y2K and utilities. If you have internet access you can view the Y2K report at www.wutc.wa.gov/2000 or contact Jo Wadsworth at 360-664-1305 for a copy.

Commissioner's Corner Continued from page 2

the innovation and efficiency that market forces can encourage. As they enter markets, competitors tend to target low-cost areas and have no obligation to serve the high-cost areas. Some customers will get better prices and more choices, but those in high-cost areas could see sharply higher rates or poorer service. At the same time, there is increasing demand for advanced services, such as high speed data connections, throughout the state. How do we encourage the market to provide these services as widely as possible? If the market in a rural location isn't big enough to attract private investment, what can or should government do?

As policymakers we don't have a choice between universal service and competition — we need to achieve both for the benefit of all our citizens. How do we strike the right balance? The answer will not be simple or without controversy. To date we have made rates more competitive while preserving universal service funds. To move further all of us must be open to new approaches to regulation and industry structure. Rather than simply rearrange the pieces of the past, we need to develop a viable model for the future — one that spreads the value of technological change while still ensuring that all citizens can receive reliable and affordable basic services. Our success will be judged on how well we can keep that balance.

W A S H I N G T O N



UTILITIES AND TRANSPORTATION
COMMISSION

UTC News&Views is published by
Washington Utilities and
Transportation Commission
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Olympia, WA 98504-7250

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In This Issue

*Learn how to choose the best long distance deal, meet the
Commission's new chairwoman, get questions answered on utility
taxes, and find out about our revamped consumer brochures.*

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